

Investment Preference of Government Employees

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Abstract: *As the circulation of blood is necessary for the survival of the individual, savings are necessary for unpredictable future emergencies in life. Savings means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future. The savings can be done in different ways and one of the best ways of saving is to create an automatic saving plan. Savings play important role in making of the household and the national economy. This article aims to examine the investment awareness, preferences and the factors that are most concerned by government employees while selecting an investment avenue. This empirical study attempts to premeditate the investment preference of government employees and analysis was made under convenient sampling method. This study is a portrayal of the awareness of Govt. employees about various investment avenues. The intended purpose of this paper seeks to know how the people are able to utilize the investment avenues available and to identify the interest of employees in savings. The research will be helpful to know about the preferences and priority given while selecting investment pattern.*

Keywords: Investment, Government employees, awareness

1. Introduction

Saving money- one of those in things that are easier said than done. It is easy to say that you will save every month but the end of the month comes around and there is no money left to save. This is a common problem that is why it is important to make yours to develop a habit when it comes to save money. A small portion of employees maintain the saving habit. Through better investment, they can maintain their economic and social status. Saving shapes the important part of the economy of any nation with the savings, in various options available to the people, the money at as a driver for the growth of the country.

Investment is activities that are engaged in by people who have savings that is investments are made from savings or in other words, people invest their savings. But all savers are not. Investment is an activity which differs from savings. Investors needs to invest and earn return on their idle resources and generate a specified sum of money for a specific goal in life and make a provision for an uncertain future. One of the important motives why one needs to invest wisely is to meet the cost inflation. The traditional finance theorems and concepts failed to predict the market behavior.

Generally the primary concern of an investor is to minimize risk while maximizing return. As risk factor is the most important factor affecting investments. The study examines the investment preference of government employees.

2. Objectives of the Study

- To study the interest of employees in savings and also to identify the problems faced by employees in making investment.
- To understand the awareness of Govt. employees about various investment avenues and to elicit the views about the awareness, attitude, purpose and benefits obtained from investments.

Hypothesis of the study

Hypothesis 1:

Null hypothesis (H_0): The two attributes gender and investment objective are independent.

Alternative hypothesis (H_a): The two attributes gender and investment objective are dependent.

Hypothesis 2:

Null hypothesis (H_0): The association between the income of the respondents and opinion of the respondents towards their investment pattern is not significant.

Alternative hypothesis (H_a): The association between the income of the respondents and opinion of the respondents towards their investment pattern is significant.

Hypothesis 3:

Null hypothesis (H_0): The respondents possess a moderate level of awareness as regards various investment avenues.

Alternative hypothesis (H_a): The respondents do not possess a moderate level of awareness as regards various investment avenues.

3. Materials and Methodology

Primary data formed are collected through questionnaire method. Secondary data collected from various sources like articles, journals, books, websites etc. For data collection respondents were selected for the data collection through convenient sampling method. Only a selected number of samples were selected. The information collected is very much personal in nature and therefore the data collected may be subjective in nature.

4. Review of Literature

Thulasipriya (2015) examined the investment preference of Coimbatore based Government employees on various investment avenues. She confirmed that investors still prefer to invest in financial products which give risk free returns. This confirms that Indian investors even if they are of high income, well educated, salaried, independent are conservative investors prefer to play safe. Most of the

investors prefer Bank FD and Govt. Securities as the investment option, there is lack of awareness about other avenues like equity and mutual fund etc. so it is mandatory to be aware and invest in them by reading newspapers, journals and articles related to stock market.

Dusenberry (1949) has examined that the saving rate depends not only on the level of income but also on the relative position of the individual on the income scale and the saving rate is dependent on the ratio of the current income to the peak level income previously reached.

Ruddar Dutt (1972) has noticed two phenomenon regarding savings and investment First there is a competitive increase in non functional consumption on ceremonies like marriage etc, Secondly there is a race in the use of prestige articles and services which are rapidly becoming the indices of high living standards. The continuous rise in prices eroded whatever little savings the less well to do could make earlier. Thus, the growing inequality has acted in a two fold manner to act into the savings potential of the household sector.

Ezekiel Hannan (1982) has pointed out that an increase in the savings rate is necessary if the planned rate of growth of income is to be achieved. The capacity to save depends upon the per capita income level. Increasing the marginal savings ratio further can only hit the already pitifully low level of taxation and it will hit savings ratio too.

The NCAER (1980) study has found the average investment level to arise with an increase in the level of education of chief earner. The pattern of investment varied with the share of physical assets to the total and declined with the increase in levels of education. The share of financial assets in household investment declined as the households moved up in the wealth scale, more or less similar trends were noticed in both rural and urban areas.

Tomola Marshal Obamuyi (2013) The study seeks to determine the main factors influencing investment decisions of investors and how these factors are related to the investors' socio-economic characteristics in the Nigerian Capital Market. The study covers individual investors using convenient sampling method to obtain information From 33 respondents through a modified questionnaire developed by Al-Tamimi (2005).

Prof. Priya Vasagadekar (2014) In this papers the author says that from ancient times, women have been managing homes. Hence they are called Home makers. ' But since the last 10 to 15 years, this situation has been changing. These days, in all sorts of fields, women are working efficiently and enthusiastically along with men or if it is said that women work more efficiently than their male colleagues, it wouldn't be an exaggeration. In the metro cities, the percentage of working women is more and Pune is getting transformed into metros. Previously Pune was known only for the best education; but with the rapid paced development in the industry sector in the recent past, it is now known as Employment Hub too. As the name suggests, the present research has been done to know the investment awareness among Indian working women with reference to Pune

region. Now- a- days, women want to be financially independent & secure their future with enough funds.

Sindhu (2013) studied the investment preference with respect to various investment avenues of 900 investors of Kerala, India. She revealed that the most preferred investment avenue is bank deposits, followed by life insurance. Investments in mutual funds came in the third position. Chits, Shares and Postal deposits managed to get fourth, fifth and sixth position, Gold, Pension & Provident Fund and Real Estates are ranked seventh, eighth and ninth, Bonds & Debentures, Company Deposits, Small Savings Scheme and Art Fund hold tenth, eleventh, twelfth and thirteenth rank among investors. She also found that there exists significant difference in the preferences of male and female investors on various investment avenues. She witnessed that age has influence on the investment preferences of the investors on various avenues of investments. She concluded that the income level has influence on their preferences of various avenues of investments.

5. Findings

An investment is a commitment of fund made in the expectation of gaining additional income or growth in values. It involves the employment of monetary resources that have been saved in the expectation of positive rate of return. This study is conducted to examine the various factors considered by the respondents when investing. This chapter deals with the findings of the study and suggestions.

5.1 Findings

- 1) In this study most of the respondents comes under the age category of 21 – 30 and 60% of the respondents were from service sector.
- 2) 82.5% of the respondents have 2 earning member in the family.
- 3) Majority of the respondents have monthly income 40000 & above.
- 4) All the respondents have investments in various schemes.
- 5) 52.5% of the respondents gets information about investment from family and friends.
- 6) 20% of the respondents get information from financial consultants.
- 7) Most of the respondents have awareness in chit funds.
- 8) 30% of the respondents are invested in various schemes for the purpose of children education.
- 9) 27.5% of the respondents are invested for children's marriage.
- 10) The respondents have different opinion in various factors like safety, liquidity, return, risk, tax savings, and regular income, growth factor, less procedure, appreciation and chances for saving when investing.
- 11) 25% of the respondents want additional bonus to boosts their investments.
- 12) 45% of the respondents want welfare programs for getting more information about various investment schemes.
- 13) 45 % of the respondents have investment in long term investment avenues.

- 14) 82.5% of the respondents are satisfied with the present investment scheme.
- 15) 42.5% of the respondents have moderate interest in various investment schemes.
- 16) Hypothesis was not rejected after testing. The two attributes gender and investment are independent. That means they are not associated.
- 17) The association between the education of the respondents and opinion of the respondents towards their investment pattern is not significant. As the calculated chi-square value (8.70) is less than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the educational qualification of the respondents and opinion of respondents towards their investment pattern is not significant.
- 18) The null hypothesis is rejected and concluded that level of awareness of the government employees on various investment avenues is good. But they have only a poor level of awareness regarding the stock market instruments.

2	1.65	0.35	0.1225	0.0742
1	1.35	-0.35	0.1225	0.0907

Chi-square = $\sum (O - E)^2 / E$
= 4.632

Table value of chi – square for 5 degree of freedom at 5% level of significance = 11.070

Calculated value = 4.632

Since the calculated value is less than the table value, we accept null hypothesis.

The two attributes are independent. That means they are not associated.

Hypothesis 2

Education and Opinion of the Respondents towards Investment Pattern

The sample respondents are classified according to their level of education namely, School, Under Graduate and Post Graduate. The different educational categories of the respondents and scores for the opinion of the respondents are furnished in Table 3

6. Results and Discussion

Testing of hypothesis

Hypothesis: 1

Null hypothesis (H0): The two attributes gender and investment objective are independent.

Alternative hypothesis (Ha): The two attributes gender and investment objectives are dependent on each other.

Table 1

Investment Objectives	Male	Female	Total
Children education	4	2	6
Retirement plan	6	4	10
Home purchases	5	4	9
Children marriage	2	5	7
Health care	3	2	5
Others	2	1	3
Total	22	18	40

Level Of Significance = 5%

Degree Of Freedom = (r-1) (c-1)

= (6-1) (2-1)

= 5*1= 5

Observed frequencies (O) = 4,2,6,4,5,4,2,5,3,2

Expected frequencies are arrived from the equation = row total * column total

Grand total

Table 2: Chi-square test

O	E	(O -E)	(O -E) ²	(O -E) ² /E
4	3.3	0.7	0.49	0.148
2	2.7	-0.7	0.49	0.1814
6	3.3	2.7	7.29	2.209
4	4.5	-0.5	0.25	0.055
5	4.95	0.05	0.0025	0.00050
4	4.02	0.02	0.0004	0.00009
2	1.1	0.9	0.81	0.736
5	3.15	1.85	3.4225	1.0865
3	2.75	0.25	0.0625	0.0227
2	2.25	-0.25	0.0625	0.0277

Table 3: Relationship between Education and Investment Pattern

Sl. No.	Educational Qualification	Opinion			Total
		Low	Medium	High	
1.	School	16 (10.00)	32 (40.00)	12 (10.00)	60
2.	Under Graduate	12 (18.00)	80 (72.00)	16 (18.00)	108
3.	Post Graduate	12 (12.00)	48 (48.00)	12 (12.00)	72
	Total	40	160	40	240

Source: Primary Data

(Figures given in the brackets represent the Expected Frequency) Null hypothesis: The association between the education of the respondents and opinion of the respondents towards their investment pattern is not significant. As the calculated chi-square value (8.70) is less than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the educational qualification of the respondents and opinion of respondents towards their investment pattern is not significant.

Hypothesis: 3

Awareness about various investment avenues

In order to assess the level of awareness of the government employees regarding various investment avenues, one sample t-test has been administered. The hypothesis in this regard and the test result is presented below:

Ho: the respondents possess a moderate level of awareness as regards various investment avenues.

Ha: the respondents do not possess a moderate level of awareness as regards various investment avenues.

Table 4: Awareness about various investment avenues

Investment avenues	Mean value	SD	t-value	p-value
Pension schemes	4.23	.68	9.95	.001**
Stock market instruments	2.10	.96	5.13	.001**
Mutual Funds	3.23	1.22	1.04	.305
Insurance schemes (including postal life insurance)	4.63	.49	18.25	.001**

GPF/EPF/PPF	4.63	.49	18.25	.001**
Fixed/ recurring deposits (bank/post offices)	4.67	.48	19.03	.001**
Gold /precious metals	4.67	.48	19.03	.001**
Real estate	3.57	.93	3.31	.002**
KSFE/other Chitties	4.17	.75	8.55	.001**

Source: field survey Note: ** denotes significant at 1 percent level of significance

Table 4 exhibits that the respondents possess good awareness as regards all investment avenues(p-value < 0.05 and mean value > 3.00) other than stock market instruments (p value = .305 and mean value < 3.00).Hence the null hypothesis is rejected and concluded that level of awareness of the government employees on various investment avenues is good. But they have only a poor level of awareness regarding the stock market instruments.

7. Suggestions

- 1) The present study suggests that the Government and SEBI should come forward to create awareness in the minds of investors regarding the extent of protection and the nature of protection available. Make awareness about the importance of investment habit among the Govt. employees.
- 2) Provide a clear idea about various investment schemes or avenues to the employees.
- 3) Properly inform them about the re-modification of Government financial policies.
- 4) Make an investment awareness campaign about Govt. promotes investment schemes such as NPS, NSS etc and rectify the doubt regarding this.
- 5) Disseminate the various investment opportunities in leading news paper, internet.

8. Conclusion

This study reveals the investment preference of Govt. employees concludes that an investment is a commitment of funds made in the expectation of gaining additional income or growth in values. It aims at returns and long term capital formation.

The study entitled “investment preference of Govt. employees” tries to study the interest of employees in savings and also the awareness of employees about various investment schemes. It also identifies the problems faced by employees in making investment.

From this study we have reached the conclusion that majority of employees have an investment in various avenues and maintain a saving habit. Investment leads to maintain saving habit and through better saving they have to improve their social and economic status.

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